

KENTUCKY AGRICULTURAL DEVELOPMENT FUND UPDATE

JANUARY 11, 2006

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Cultivating rural prosperity



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ADF Planning Meeting in Review

During the Agricultural Development Board's (Board) two-day Annual Planning Meeting, held at General Butler State Park, the Board reviewed the policies and direction of its current programs, and discussed future policies and programs.

To kick-off the meeting, Dr. Will Snell, UK Department of Agricultural Economics, provided an overview of the current state of Kentucky agriculture. Afterwards, representatives of 18 agriculture industries and organizations answered three questions posed to each by the Board, concerning benefits of the Agricultural Development Fund to the industry/organization, a trend in the industry, a five-year goal of the industry, and how the Board can assist with capitalizing on the trend or in achieving the goal.

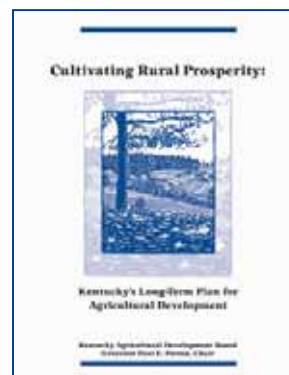
Day two started off with a review of the priorities laid out in *Cultivating Rural Prosperity: Kentucky's Long-term Plan for Agriculture Development*, which was completed by the Board in 2001 and released in 2002.

This was followed by a review and revision of the Board's "Guiding Principles for Investment," which were estab-

lished in 2000, and changes or additions to the Board's policies and procedures for application to the Agricultural Development Fund.

Additionally, the Board revised and approved the Farmers' Market and Agri-tourism Competitive Awards Programs for 2006.

During the regular business meeting portion of the Planning Session, the



Cultivating Rural Prosperity: Kentucky's Long-term Plan for Agriculture Development was developed in 2001 as a blueprint to move Kentucky agriculture into the future.

Board approved over \$1.4 million for agricultural diversification through the model cost-share programs. 11 of the 13 model programs were approved for 18 counties.

To view the Competitive Awards Program guidelines for 2006 or to see the revised "Guiding Principles for Board Investment," visit our website at <http://agpolicy.ky.gov/>.

Competitive Awards Programs

During the November Planning Session, the Agricultural Development Board approved another year of funding for the Farmers' Market and Agri-tourism Competitive Awards Programs. The guidelines for these programs have been revised slightly, compared to last year's programs.

AGRI-TOURISM

The Agri-tourism Competitive Awards Program has \$1 million available in two funding rounds for 2006.

The most significant changes concern tobacco dependency. An applicant will be awarded up to 10 points for tobacco dependency documented by a Phase II check or an executed copy of a buyout contract. Agri-tourism business applicants that are awarded funds will be required to obtain forgiveness for their forgivable loan, based on purchases from documented tobacco dependent producers of product either

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Special Meeting of the ADB

The Agricultural Development Board will hold a special meeting on Friday, January 13, 2006 at the Executive Inn Rivermont in Owensboro.

The purpose of the meeting is to have the final phase of the Kentucky Produce &

Aquaculture Alliance's feasibility study presented to the Board and members of Kentucky's vegetable cooperatives.

The meeting will begin at 10:00 am local time and is open to the public. All are welcome to attend.

Model Program Update

UPCOMING CHANGES

As many of you may know, the Board will be reviewing recommended changes to the 13 county model cost-share programs at their December 16 meeting. The rec-

ommended changes came as suggestions from administrators, councils, industry leaders, and academia; GOAP staff reviewed the requests, consulted industry experts, and developed the proposed revisions that the Board will review.

Program administrators can view changes on-line at AGPOLICY.KY.GOV. This includes related reporting forms and other guidelines associated with certain programs.

CDs, containing all 2006 guidelines and reporting forms, are available. To request a copy, administrators should e-mail our office at govkyagpolicy@ky.gov.

2005 MODEL PROGRAM COMMITMENTS

Agricultural Diversification
\$1,828,188/ 52 Counties

Cattle Genetics Improvement
\$2,178,865/ 60 Counties

Cattle Handling Facilities
\$2,842,678 / 57 Counties

Dairy Diversification
\$990,801 / 22 Counties

Farm Livestock Fencing Improvement
\$3,830,407 / 43 Counties

Forage Improvement & Utilization
\$3,132,094 / 53 Counties

Goat Diversification
\$638,861 / 40 Counties

Hay, Straw & Commodity Storage
\$3,542,729 / 51 Counties

On-Farm Water Enhancement
\$501,707 / 13 Counties

Shared-Use Equipment
\$170,510 / 17 Counties

Swine Diversification
\$57,015 / 5 Counties

Technology
\$515,524 / 16 Counties

Timber Production, Marketing, & Utilization
\$199,055 / 5 Counties

SAVE THE DATE

Agricultural Development Fund
Annual Meeting

February 10, 2006

Louisville Marriot East

Look for more information about this one-day event on our web site.

Guiding Principles for Board Investment-Revised

The “Guiding Principles for Board Investment” is a set of statements developed by the Board to guide their investment decisions and convey to potential applicants the Board’s philosophy on which those investment decisions will be based. The following is the “Guiding Principles for Board Investment:”

The Board is committed to the goals and priorities of *Kentucky’s Long-term Plan for Agricultural Development*. Projects and programs that advance these goals and priorities will be its top priority.

The Board proposes the following statements for the purpose of precipitating discussion of ways the Board can accomplish its goal of expanding the economic base of agriculture in Kentucky.

1. Kentucky should follow the following **investment philosophy**:
The Kentucky Agricultural Development Board will invest monies from the Kentucky Agricultural Development Fund in innovative proposals that increase net farm income and effect tobacco farmers, tobacco-impacted communities, and agriculture across the state through stimulating markets for Kentucky agricultural products, finding new ways to add value to Kentucky agricultural products, and exploring new opportunities for Kentucky farms and farm products.
2. The Board must view its options and actions over the long run and cannot solve all the problems or take advantage of all opportunities.
3. The Board should invest in programs on a pilot basis to prove or disprove the advisability of promoting a particular program statewide.
4. The Board should focus on facilitating success in areas with the potential to reach the most farmers.
5. Pilot programs should be large enough to be commercially viable. The emphasis must be on doing what we do well and be limited to a certain geographical area of the state, until they are proven viable, and then expanded to all the state as funds become available.
6. The Board believes that clusters of a particular type of activity, large enough to be economically viable and support the infrastructure necessary for the success of the program, offer the best opportunity to develop new or better self-sustaining agricultural activity.
7. The Board believes that farmer-owned agri-businesses may be an important vehicle to promote and sustain new and/or improved farm activity.
8. The Board will consider proposals submitted by individuals that have high potential for growth and potential to include other farmers in the future.
9. An emphasis for county programs should be the support of on-farm investment in Board program areas.
10. The object of the Board is to develop self-sustaining programs; therefore, the Board will not support long-term subsidy of production.
11. The Board prefers capital investments. However, it believes that processing, storing and marketing new products is the area where the farmer needs a substantial amount of help on a start-up basis, but business plans must provide for the eventual elimination of assistance in these areas.
12. The Board will consider proposals to enhance existing farm enterprises, the production of new farm products, development of new markets, expansion of existing markets, and any other areas identified by a member or members of the Board as having potential for growth.
13. The Board should define as a priority the development of agriculture businesses and agricultural entrepreneurship, including continuing support of the Kentucky Center for Agriculture and Rural Economic Development.
14. The Board should define as a priority the development of agriculture businesses and agricultural entrepreneurship, including support of agriculture entrepreneurship programs as stipulated in KRS 248.717.
15. The Board will seek programs to enhance the viability of young farmers and part-time farmers in agriculture.

ADF Meeting in Review

During the December meeting of the Agricultural Development Board, sixteen projects were approved for \$1,336,100 in state and \$769,620 in county funds. The scope of these projects ranges from value-added processing to agritourism development. The balance of funds went to 11 of the 13 model cost-share programs.

During this meeting, the Board approved changes to the model cost-share programs for 2006.

The most significant changes occurred in the Cattle Genetics Improvement Program, which established three new categories, each with their own EPD requirements. Participants in this program will now be required to choose the type of genetics they need before making a purchase.

For more information on approved projects or revisions to model cost-share programs, visit agpolicy.ky.gov or call 502-564-4627.



Check Presentation

Last September, state officials, family, and friends joined Jerry Boone for the Grand Re-opening of Boone's Abattoir.



Ribbon cutting at Boone's Abattoir in Bardstown.

During the Grand Re-opening legislators and representatives of the Agricultural Development Fund presented a ceremonial check to Mr. Boone for the funds he received to assist in the expansion and modernization of his facility for the benefit of Kentucky producers selling value-added meat products.

Boone's Abattoir, Inc., was approved for a forgivable loan consisting of \$546,676 in state, \$15,000 in Nelson, \$5,000 in Woodford, \$5,000 in Shelby, and \$1,000 in Henry County funds.

Boone's Abattoir serves over 30 producers in 13 counties.

Boone's Abattoir

100 Old Bloomfield Road
Bardstown, KY 40004

Phase II Update

In June 2005, Kentucky mailed out over 164,000 checks to certified recipients of the Phase II Tobacco Settlement Program. As of December 2005, there remain over 5,000 checks that did not reach their intended recipients. Reasons for the undeliverable checks range from lack of forwarding address to closed post office box.

In an effort to locate the rightful recipients of these checks, GOAP has made available a comprehensive list of those who were issued a check, but

had it returned.

Recipients names are sorted by last name within the county in which the farm was registered, according to USDA Farm Service Agency. Certified recipients who locate their names should contact the call center toll-free at **1 (877) 549-2537**. The representative taking the call will verify some personal information and collect the correct mailing address in order to mail the check.

Checks will expire on June 20, 2006.



New Staff Welcome

Welcome to our new Executive Assistant, Christ Marksby.

Christi graduated from the University of Kentucky with a B.S. in Agriculture Education (1999) and a masters degree in Agriculture (2001). Christi grew up in Spencer County

and currently resides in Nelson County.

Christi is "excited to be here and am looking forward to working with everyone and being involved with agriculture on this level."

We are happy to have Christi on-board.



2006 Annual Meeting

The *2006 Kentucky Agricultural Development Fund Annual Meeting* will be held Friday, February 10 at the Marriott Louisville East.

The *2006 Annual Meeting* is an opportunity for County Council members, Program Administrators, Extension Agents, and others to discover entrepreneurship in agriculture, experience Kentucky Proud products, share ideas with others from across the Commonwealth, as well as learn of new Board policies and programs.

Event highlights include the

"Kentucky Opportunity Marketplace" exhibit area, Kentucky product samples, a nationally renowned guest speaker, and the Awards Luncheon.

Nominations for extension agent and council members of the year for service in 2005 are now being accepted.

The event is open to all, but is designed for County Council members, County Extension Agents, and Program Administrators.

For more information or to register, visit us on-line at agpolicy.ky.gov or call us at (502) 564-4627.

Competitive Awards

(Continued from page 2)

grown in Kentucky or value-added from Kentucky grown product.

FARMERS' MARKET

The most notable changes to this program involve the funding and how it is appropriated.

For 2006, \$2 million will be available for farmers' market investments, according to the following breakdown: community markets (\$1,300,000), regional markets (\$500,000), feasibility studies (\$200,000).

It is also important to note that the deadline for applications for each round of funding have changed. The deadline for Round I is April 1, 2006 and for Round II is September 1, 2006.

Both Competitive Awards Programs require that a completed non-model application be submitted to the Governor's Office of Agricultural Policy by the stated deadlines. Late applications will only be considered if funds are still available after all qualifying applications, meeting the deadlines, are reviewed and acted upon.

Guidelines for both programs and applications are available on-line at agpolicy.ky.gov. If you have any questions about either program, then please feel free to contact our office at 502-564-4627.

RECAP OF 2005 AWARDS

Farmers' Markets	\$232,312 in state \$270,313 in county
Agri-tourism	\$854,693 in state \$26,000 in county

GOAP WEBSITE UPDATES

County Account Availability (12/20/2005) posted:

<http://agpolicy.ky.gov/funds/availability.shtml>

Educational Events & Festivals Calendar:

<http://agpolicy.ky.gov/kcade/education.shtml>

agpolicy.ky.gov

FUTURE MEETINGS

KADB Special Meeting

Friday, Jan. 13
Executive Inn Rivermont
Owensboro

KADB Board Meeting

Friday, Jan. 20
Franklin Co. CES
Frankfort

KY Ag. Finance Corporation

Friday, Feb. 3
Frankfort

Annual Meeting

Friday Feb. 10
Marriot East
Louisville

Tobacco Settlement Oversight Committee

Tuesday, Feb. 14
Frankfort

**Meeting locations & times subject to change **